

EXHIBIT 163

EXHIBIT FILED UNDER SEAL

From: "Alexander Asseily" <[REDACTED]>
To: "Nicholas J. Pritzker" <njpritzker@taocap.com>
CC: "Gal Cohen" <[REDACTED]>
Date: 12/26/2014 6:11:10 AM
Subject: Re: NYTimes: Race to Deliver Nicotine's Punch, With Less Risk

Not sure when in town next - maybe early Feb?

Hope all well

A

PRITZKER
No. 14018

On Dec 26, 2014, at 12:42, Nicholas J. Pritzker <njpritzker@taocap.com> wrote:

Thanks gal and Alex: somehow I missed alex' email. I really appreciate both of your comments and completely agree.

Alex: are you going to be in SF soon? Let's all get together.

Happy holidays.

Nick.

Sent from my iPhone

On Dec 25, 2014, at 3:12 AM, Gal Cohen <[REDACTED]> wrote:

Hi, Alex

Nice to meet you!

The opportunity that we have here is that right now is that we have so much going for us:

1. leadership in modern design that connects with the user at an emotional and rational level
2. our e-liquid "secret sauce" is actually scientifically and experientially better than other e-liquids.
3. we have a passionate customer base that loves our brand. James or Adam can walk into a random store in SF and have a high probability that people will know and already love the company (a tobacco company!!) - transforms the experience and relationship between user and product - user identity includes the fact that the product is part of their life

I think Jawbone has 1 & 3 going for it, and has hit it out of the park on those axes...glad to see you providing guidance there...

Pax has to compete based primarily on 1& 3, although there are some things we can do to actually make the vapor better.

For our e-liquid e-cigarette, in #2 we have an additional sustainable competitive advantage / differentiator to add to the mix.

SRA is more in the realm of #2, so maybe James or Adam can discuss 1 & 3 more eloquently.

Regards

Gal

Discovery Ex. No. 14018
Cause No. 19-md-02913
In Re JUUL Labs, nc.

On Thu, Dec 25, 2014 at 4:53 AM, Gal Cohen [REDACTED] wrote:

----- Forwarded message -----

From: **Alexander Asseily** [REDACTED]
 Date: Wed, Dec 24, 2014 at 11:55 PM
 Subject: Re: NYTimes: Race to Deliver Nicotine's Punch, With Less Risk
 To: Riaz Valani <RValani@gacapital.com>
 Cc: Adam Bowen <adam@ploom.com>, Gal Cohen [REDACTED], James Monsees <james@ploom.com>, "J. Pritzker Nicholas" <njpritzker@taocap.com>, Joby Pritzker <joby@taocap.com>, Zach Frankel [REDACTED], Nathan Wolfe <nwolfo@metabiota.com>, Timothy Danaher <tim@ploom.com>

What is not immediately clear to me from observing this market casually is whether any of these players see tobacco (etc) delivery devices as being differentiated by 'level of sophistication' the way a car or a smartphone might be.

That's because they are leaf-buying-packaging-and-branding companies, not product design / engineering companies. Dunhill may seem more sophisticated than Parliament but they are essentially the same product. Branding is fundamentally all that differentiates them.

But consumers DO respond to quality HW products so long as the price aligns with perceived value differential, some of which is rational, and the balance of which can be subtle / emotional.

And so, presumably as one moves away from truly disposable paper cigarettes towards tobacco hardware, there's an opportunity to declare one's solution inherently better than others based on hardware design features and how these manifest in the experience of the product. Which is standard 'product marketing' in any HW company, and not immediately obvious to Tobacco guys (it also explains JTI's interest in Ploom and likewise their ultimate cultural mis-match with you guys.

This is a de facto reality with Ploom / PAX because that's where you've invested yourselves: really great engineering and design. You care about the physical experience of your products and likewise that they actually function well.

As a result, the marketing effort must be focused on educating a market that does not yet understand the scales on which it is expected to judge your products. There is no market dynamic to speak of because the market itself has just begun and the dust hasn't even risen, let alone settled.

The moment to capture is that of wonder that exists when someone who would never seek out your products is nonetheless enchanted when they are introduced to it....this is the 'early majority' of these products...people who don't seek but can be convinced to become customers. The blue ocean of vapour is to not even compete with the bottom feeders and low-quality crap at all. It's standing totally apart. You are for the sophisticates, not the hardcore lot and certainly not the cheap lot. You are a single malt whisky, not malt liquor, not moonshine. People should be scrambling to pay you more or piss off.

The conclusion to this long winded thought is that a key element of marketing must be a seeding and viral programme that educates and empowers your early users to become evangelists wherever they go, and not to hide their discovery from anyone: imbuing them with a lexicon to describe the products and their benefits so that your market believes as you do that your products are a world apart technologically and culturally - a new breed so to speak. Your products have the opportunity to dissolve the fears and taboos usually associated with cannabis (and perhaps also tobacco) by seriously going after the non-hardcore user who under the right circumstances would happily enjoy the buzz...but who is otherwise turned off by the complexities and 'dirtiness' of joints, bongs etc. It should be about chilling more than 'getting high'. You'll find in that subtlety the doorway to mass adoption I suspect.

Happy Holy Days.

On Dec 25, 2014, at 13:00, Riaz Valani <RValani@gacapital.com> wrote:

<http://www.nytimes.com/2014/12/25/business/race-to-deliver-nicotines-punch-with-less-risk.html?smid=nytcore-iphone-share&smprod=nytcore-iphone>

Big tobacco companies are deploying their financial resources and knowledge in a bid to dominate a potentially huge market for cigarette alternatives.

Sent from my iPhone